

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DEXTER-ALMO HEIGHTS)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	CASE NO. 2012-00489
CONSTRUCT AND FINANCE A WATERWORKS)	
IMPROVEMENTS PROJECT PURSUANT TO KRS)	
278.020 AND 278.300)	

ORDER

Dexter-Almo Heights Water District (“Dexter-Almo”) has applied for a Certificate of Public Convenience and Necessity (“Certificate”) for a waterworks improvement project. Having reviewed the application and being otherwise sufficiently advised,¹ the Commission finds that:

1. Dexter-Almo, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that distribute water to approximately 767 customers in Calloway County, Kentucky.² It purchases its total water requirements from the City of Murray, Kentucky.³

2. For the calendar year ending December 31, 2011, Dexter-Almo had total operating revenues of \$204,696.⁴

¹ Dexter-Almo filed its application on November 9, 2012. No person has sought intervention in this matter. In response to Commission Staff inquiries, Dexter-Almo provided additional information to the Commission on November 30, 2012.

² *Annual Report of Dexter-Almo Heights Water District to the Public Service Commission of Kentucky for the Year Ended December 31, 2011* at 5 and 21.

³ *Id.* at 23 and 26.

⁴ *Id.* at 9.

3. Dexter-Almo is a Class C water utility.⁵
4. Dexter-Almo proposes to construct approximately 3,630 linear feet of 6-inch polyvinyl chloride (“PVC”) water transmission main and related appurtenances beginning at an existing 6-inch main on Charley Miller Road in northern Calloway County and continuing along Hopkins Road to serve approximately eight new customers.
5. The proposed construction is the first phase of a water improvements project to construct approximately 11,640 linear feet of 6-inch PVC water main along Hopkins Road in northern Calloway County to extend water service to approximately 25 households and to form a loop in Dexter-Almo’s water distribution system. Creation of the loop is expected to increase overall system pressure and to improve system reliability by creating a redundant feed source.⁶
6. Total cost of the proposed project is \$95,776.
7. The proposed project will be funded with \$95,776 of appropriated funds from the Kentucky General Assembly.⁷
8. Kim H. Oatman, professional engineer, of Paducah, Kentucky, prepared the drawings and specifications for the proposed project.

⁵ The Kentucky Public Service Commission’s Uniform System of Accounts defines a Class C water utility as a utility “having annual water operating revenues of less than \$250,000 or less than 400 customers.” *Uniform System of Accounts for Class A and B Water Districts and Associations* at 14 (2002) (found at <http://psc.ky.gov/agencies/psc/forms/usoab0700ab02.pdf>).

⁶ This project is designated at Project WX21035006 on the Kentucky Water Resource Information System. For further information regarding this project, see <http://wris.ky.gov/portal/DwPrjData.aspx?PNUM=WX21035006> (last visited Nov. 30, 2012).

⁷ See 2012 Ky. Acts Ch. 144 (reauthorization and reallocation of \$95,775 to Hopkins Road Loop and Metering Installation).

9. The Division of Water of the Kentucky Energy and Environment Cabinet has approved the plans and specifications for the proposed project.⁸

10. Because Dexter-Almo is a Class C Water District, the proposed project is not exempted from the requirements of KRS 278.020(1).⁹

11. The proposed construction will not conflict with the existing certificates or service of other utilities operating in the same area and under the Commission's jurisdiction are in the general area in which Dexter-Almo renders service or are contiguous thereto.

12. The proposed construction will not result in wasteful duplication of existing facilities or excessive investment in utility facilities.

13. The public convenience and necessity require the proposed construction.

⁸ Letter from Mark Rasche, Water Infrastructure Branch, Kentucky Division of Water, to Joe Dan Taylor, Chairman, Dexter-Almo Heights Water District (Aug. 29, 2012).

⁹ In its most recently enacted budget, the Kentucky General Assembly exempted certain water district and water associations from some of the requirements of KRS 278.020(1). 2012 Ky. Acts Ch. 144 provides at pertinent part:

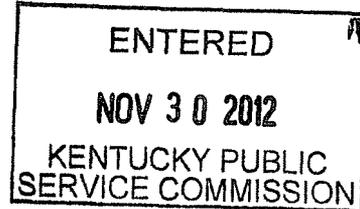
Water Districts and Water Associations: A water district created pursuant to KRS Chapter 74 and a water association created pursuant to KRS Chapter 273 that undertakes a waterline extension or improvement project shall not be required to obtain a certificate of public convenience and necessity pursuant to KRS 278.020(1) if the water district or water association is a Class A or B utility as defined in the Uniform System of Accounts established by the Public Service Commission, pursuant to KRS 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The water line extension or improvement project will not cost in excess of \$500,000; or (b) The water district or water association will not, as a result of the water line extension or improvement project, incur obligations requiring Public Service Commission approval pursuant to KRS 278.300. In either case, the water district or water association shall not, as a result of the water line extension or improvement project, increase rates to its customers.

IT IS THEREFORE ORDERED that:

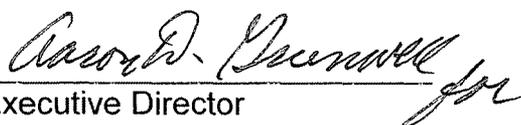
1. Dexter-Almo is granted a Certificate to proceed with the proposed construction as set forth in its application.
2. Dexter-Almo shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.
3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.
4. Dexter-Almo shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.), within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.
5. Dexter-Almo shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.
6. Dexter-Almo shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil, electrical, or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project

7. Any documents filed in the future pursuant to ordering paragraphs 4 and 5 shall reference this case number and shall be retained in the utility's general correspondence file.

By the Commission



ATTEST:


Executive Director

Honorable Warren K Hopkins
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Joe Dan Taylor
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